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SUBJECT: IMF-AFRICA MEETING IN TANZANIA ADDRESSES GLOBAL FINANCIAL
CRISIS

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¶1. Summary. Tanzania and the IMF jointly hosted a March 10-11 conference focused on minimizing the effects of the global economic crisis in Africa to preserve recent hard-won economic and political gains. Panelists included President Kikwete, IMF Managing Director Dominique Strauss-Kahn, and Kofi Annan, among others. UN Deputy Secretary-General (and former Tanzanian FM) Asha-Rose Migiro delivered one of the key speeches. Senior officials from more than 50 countries, mostly African, and 20 regional and multilateral organizations attended, along with numerous NGOs, academics, and activists. Key messages from the conference included calls for developed countries to meet their commitments to Africa and for a greater African voice in plans to confront the global crisis. End summary.

¶2. Numerous speakers called on the international donor community to deliver on previous aid promises, such as those made at the 2005 Gleneagles G8 Summit, in order to protect the important economic gains made in Africa over the last decade. UN DSyG Migiro said that the promise to double aid to Africa - amounting to some \$62 billion in nominal terms - seems attainable when compared to the trillions of dollars that have been committed to stimulus packages in the developed world. President Kikwete urged developed countries to consider a stimulus package for Africa noting that Tanzania is witnessing a precipitous decline in prices of export commodities - the price of cotton was down nearly 50 percent from a year ago, while the price of Arabica coffee had fallen 34 percent since the end of 2008. Kikwete also noted that foreign investors are delaying or cancelling projects; he cited Tanzanian examples of a proposed USD 3.5 billion investment in aluminum smelting and a proposed USD 165 million nickel mining and extraction project, both of which had been postponed. (Note: Planning for the aluminum smelter was in its very early stages.)

¶3. A second theme was the need for increased African representation at the IMF and within the global economic dialogue in general. President Kikwete called on the IMF to assist African countries in making their voices heard in G8 and G20 meetings. He also supported a statement - read at the meeting by Ivory Coast Minister of Economy and Finance Charles Diby - that one deputy IMF Managing Director be from Africa. Dr. Migiro pointed out that the timing of the meeting was fortuitous since the G20 are due to meet in London in April. Activist Bob Geldof got an approving laugh from the audience when he advised President Kikwete that African leaders should avoid international meetings if they could not make their voices heard.

¶4. Discussants also highlighted the role of developed countries in precipitating the global financial crisis and suggested increased international oversight. Businessman and philanthropist Mo Ibrahim

was quoted in a local paper saying, "What has happened is a failure of governance in the developed countries, the same people who have been preaching governance to Africa." In his address, President Kikwete declared, "There should be no untouchable countries when it comes to financial impropriety and lack of effective regulatory framework because its consequences affect all of us."

¶15. Finally, panelists stressed that the impact of the global downturn would be particularly severe in Africa. IMF Managing Director Dominique Strauss-Khan referenced a World Bank estimate that more than 50 million people in Lower Income Countries, the majority of whom live in Africa, could be "thrown back into absolute poverty - with obvious consequences for other social ills, like sickness and infant mortality." He noted the threat of civil unrest and even war. World Bank Managing Director Ngozi Okonjo-Iweala stated that the crisis, "could not have come at a worse time for Africa," referencing the recent gains that she feared will now "come to a grinding halt."

¶16. The result of the meeting, a Joint Declaration by African countries and the IMF, underlined the following six "building blocks" of enhanced partnership between Africa and the IMF:

- enhancing IMF surveillance over the policies of all its members, in a spirit of evenhandedness;
- expanding the IMF's financing facilities and their accessibility to low income countries;
- consolidating the debt relief process by adjusting the IMF's debt sustainability framework to accommodate Africa's new financing needs and opportunities;
- accelerating reforms of IMF governance to enhance Africa's voice and representation at all levels of the institution;
- enhancing the policy dialogue between the IMF and its African members, including through technical assistance, to ensure that African countries' policies benefit from the IMF's experience and

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expertise;

- and reinforcing the IMF's catalytic role to leverage public and private financing for Africa's critical infrastructure needs.

¶17. The Tanzanian Government recently announced the formation of a Task Force to develop a national plan to address the impact of the global crisis on Tanzania. However, neither the members of the Task Force nor its agenda have yet been made public.

ANDRE